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South Carolina
Division of General Services

PROCUREMENT AUDIT AND CERTIFICATION

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STATE DOCUMENTS

LANDER COLLEGE

AGENCY

DECEMBER 3, 1984

DATE

STATE OF SOUTH CAROLINA
BUDGET AND CONTROL BOARD
DIVISION OF GENERAL SERVICES
800 DUTCH SQUARE BLVD., SUITE 150
COLUMBIA, S.C. 29210
(803) 758-6060



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RICHARD J. CAMPBELL
ASSISTANT DIVISION DIRECTOR

December 3, 1984

Mr. Tony Ellis
Division Director
Division of General Services
300 Gervais Street
Columbia, South Carolina 29201

Dear Tony:

Attached is the final Lander College audit report and recommendations made by the Audit and Certification Office. I concur and recommend the Budget and Control Board grant Lander College two years certification as outlined in the audit report.

Sincerely,

Richard J. Campbell
Richard J. Campbell
Materials Management Officer

RJC/ra

Attachment

MATERIALS MANAGEMENT OFFICE

State Supply & Surplus Property Management
Surplus Property Supply, Warehousing & IMS
Boston Avenue 1942 Laurel Street
W. Cola., S.C. 29169 Cola., S.C. 29201
758-2626 758-3246

Training & Research
300 Gervais Street
Annex 3
Cola., S.C. 29201
758-5051

State Procurements
800 Dutch Sq. Blvd.
Suite 250
Cola., S.C. 29210
758-6050

Information Technology Management Office
800 Dutch Sq. Blvd.
Suite 150
Cola., S.C. 29210
758-6060

Installment Purchase Program
800 Dutch Sq. Blvd.
Suite 150
Cola., S.C. 29210
758-6060

LANDER COLLEGE

Audit Report

November 5, 1984

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STATE OF SOUTH CAROLINA
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WILLIAM T. PUTMAN
EXECUTIVE DIRECTOR

RICHARD W. KELLY
ASSISTANT DIVISION DIRECTOR

November 5, 1984

Mr. Richard J. Campbell
Materials Management Officer
Columbia, South Carolina 29210

We have examined the procurement policies and procedures of Lander College for the period April 1, 1982 - June 30, 1984. As a part of our examination, we made a study and evaluation of the system of internal control over procurement transactions to the extent we considered necessary.

The purpose of such evaluation was to establish a basis for reliance upon the system of internal control to assure adherence to the Consolidated Procurement Code and State and college procurement policy. Additionally, the evaluation was used in determining the nature, timing and extent of other auditing procedures that were necessary for developing an opinion on the adequacy, efficiency and effectiveness of the procurement system.

The administration of Lander College is responsible for establishing and maintaining a system of internal control over procurement transactions. In fulfilling this responsibility, estimates and judgements by management are required to assess the expected benefits and related costs of control procedures. The objectives of a system are to provide management with reasonable,

but not absolute, assurance of the integrity of the procurement process, that affected assets are safeguarded against loss from unauthorized use or disposition, and that transactions are executed in accordance with management's authorization and are recorded properly.

Because of inherent limitations in any system of internal control, errors or irregularities may occur and not be detected. Also, projection of any evaluation of the system to future periods is subject to the risk that procedures may become inadequate because of changes in conditions, or that the degree of compliance with the procedures may deteriorate.

Our study and evaluation of the system of internal control over procurement transactions as well as our overall examination of procurement policies and procedures were conducted with due professional care. They would not, however, because of the nature of audit testing, necessarily disclose all weaknesses in the system.

The examination did, however, disclose conditions enumerated in this report which we believe to be subject to correction or improvement.

Corrective action based on the recommendations described in these findings will in all material respects place Lander College in compliance with the South Carolina Consolidated Procurement Code and ensuing regulations.


Richard W. Kelly
Director of Agency Services

RESULTS OF EXAMINATION

The Audit and Certification Section performed an examination of the internal procurement operating procedures and policies and related manual of Lander College for the period April 1, 1982 - June 30, 1984.

Our on-site review was conducted September 25, 1984 through October 17, 1984, and was made under the authority as described in Section 11-35-1230(1) of the South Carolina Consolidated Procurement Code. The Audit was primarily instituted because the two year certification granted the College by the Budget and Control Board was to expire on December 2, 1984. Additionally, the College requested increased certification limits as follows:

Goods and Services	\$10,000
Consulting Services	10,000
Information Technology	10,000
Construction	30,000

Since our previous audit in 1982, Lander College has maintained what we consider to be a professional, efficient procurement system. We did note however, the below listed items which should be addressed by management.

Our examination of sixty transactions in the goods and services area indicated that the following two procurements were not made in compliance with the Consolidated Procurement Code and its regulations.

Purchase order number 10272 in the amount of \$3,990 was for a contract established for plumbing services requested by the physical plant.

Purchasing contacted three plumbing companies and received two written quotations. A purchase order was issued to the lowest bidder.

The Procurement Code and regulations require that a purchase over \$2,500 be made only after a solicitation of a minimum of three sealed bids or proposals. Otherwise, a determination must be prepared justifying the procurement as an emergency or sole source.

Purchase order number 33494 in the amount of \$6,195 was issued for student athletic insurance. This procurement was made without evidence of competition nor was it justified as a sole source or emergency. Additionally, this procurement exceeded the college's certification level of \$5,000 so it should have been sent to State Procurement. Since this was not done it is an unauthorized procurement.

We remind the college that procurements which exceed \$2,500 must be awarded on the basis of competitive sealed bids or competitive sealed proposals. Exceptions are allowed only on those procurements which are justified as sole sources or emergencies.

Additionally, in accordance with Section 19-445.2015, Subsection A, of the Procurement Code regulations, a letter must be submitted to the Materials Management Officer requesting ratification of the unauthorized procurement. The letter must be prepared by the college president and should indicate the facts and circumstances surrounding the act, what corrective action is being taken to prevent reoccurrence, action taken against the

individual committing the act, and documentation that the price is fair and reasonable.

CERTIFICATION RECOMMENDATIONS

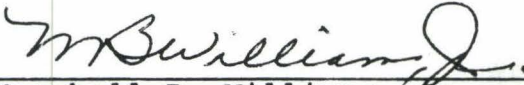
As enumerated in our transmittal letter corrective action based on the recommendations described in the findings contained in the body of this report, we believe, will in all material respects place Lander College in compliance with the South Carolina Consolidated Procurement Code and ensuing regulations.


Under the authority described in Section 11-35-1210 of the Procurement Code, subject to this corrective action, we recommend Lander College be re-certified to make direct agency procurements up to the limits as follows:

<u>PROCUREMENT AREAS</u>	<u>RECOMMENDED CERTIFICATION LIMITS</u>
I. Goods and Services exclusive of printing equipment which must be approved by the Materials Management Office.	\$10,000 per purchase commitment

Based on a review of the limited number of past transactions in the consultant services area, we do not feel that certification above \$2,500 is warranted. There is only limited activity in this procurement area.

Additionally, certification recommendations in the areas of information technology and construction are being deferred until completion of statewide procedures in these procurement areas.


Marshall B. Williams, Jr.
Audit Manager


R. Voight Shealy
Director, Audit & Certification

Lander

COLLEGE

Greenwood, South Carolina 29646

Telephone (803) 229-8305

Vice President for Business & Administration

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December 5, 1984

Mr. Richard W. Kelly
Director of Agency Services
Division of General Services
300 Gervais Street
Columbia, S. C. 29201

Dear Rick:

I have reviewed the November 5, 1984, audit report conducted for the purpose of renewing Lander College's certification under the South Carolina Consolidated Procurement Code.

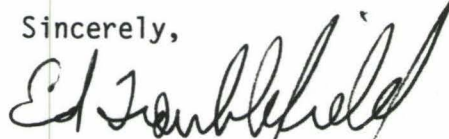
The two unauthorized procurements revealed during the audit have been duly noted. The plumbing services on purchase order 10272 related to a one-time project and care is being taken to assure that proper procedure is followed in the future. The student athletic insurance policy on purchase order 33494 was renewed again in August of 1984 prior to the audit. It is with a company that has given the college excellent claims service for several years at a cost that was significantly lower than the previous carrier. When the present policy expires in August 1985, bids will be solicited according to procurement code requirements.

As recommended, in accordance with section 19-445.2015, subsection A of the procurement code regulations, a letter is being submitted to the Materials Management Officer requesting ratification of the unauthorized procurements.

Mr. Richard W. Kelly
December 5, 1984
Page 2

I appreciate the work performed by the audit team and even though the recommended certification limit for consultants is less than requested I can accept the final recommendation. I hope that statewide procedures for information technology and construction will be completed soon and certification established for those areas.

Sincerely,



W. E. Troublefield, Jr.
Vice President for Business
and Administration

WETjr:rk

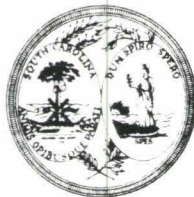
cc: Larry A. Jackson, President

STATE OF SOUTH CAROLINA
BUDGET AND CONTROL BOARD
DIVISION OF GENERAL SERVICES
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WILLIAM T. PUTMAN
EXECUTIVE DIRECTOR

RICHARD W. KELLY
ASSISTANT DIVISION DIRECTOR

December 4, 1984

Mr. Richard J. Campbell
Materials Management Officer
800 Dutch Square Boulevard
Suite 150
Columbia, South Carolina 29210

Dear Mr. Campbell:

We have reviewed the response to our audit report of Lander College covering the period April 1, 1982 - June 30, 1984. Combined with observations made during our site visit, this review has satisfied the Audit and Certification Section that the College is correcting the problem areas found and that internal controls over the procurement system are adequate.

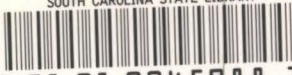
We, therefore, recommend that the certification limits for Lander College, as outlined in the audit report, be granted for a period of two (2) years.

Sincerely,

Richard W. Kelly
Director of Agency Services

RWK:kl

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